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EXAMINER
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VIZVARY, GERALD C

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 10/047,366  
Filing Date: January 14, 2002  
Appellant(s): FRALIC, DONALD R.

\_\_\_\_\_  
Randal A. Notzen, Reg. No. 36,882  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 6/25/2008 appealing from the Office action  
mailed 12/27/2007

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments after Non-Final**

The appellant's statement of the status of amendments after non-final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

<b>5,924,082</b>	<b>Silverman</b>	<b>7-1997</b>
<b>6,237,009</b>	<b>Waldo</b>	<b>5-2001</b>

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-5 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman 5,924,082 in view of Waldo US 6,237,009 B1.

As per claim 1 (Currently Amended), Silverman 5,924,082 discloses a method comprising the steps of:

(a) providing to at least one lessor's computer via a computer network a first plurality of lessee entered qualitative lessor variables and a first plurality of lessee entered quantitative lessor data regarding a lease input at a lessee's computer ("A further object of the present invention is to provide a system which enables users to trade financial and other types of instruments based on objective criteria and subjective criteria which are not standardized and/or easily quantifiable." Silverman 5,924,082, col. 3, lines 51-55);

(b) receiving from each lessor's computer via the computer network a second plurality of lessor entered qualitative lessor variables and a second plurality of lessor entered quantitative lessor data regarding the lease ("The negotiated matching system according to the present invention includes a plurality of remote terminals associated

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with respective potential counterparties and a communications network for permitting communication between the remote terminals and a matching computer and between the remote terminals themselves. Each user enters a first set of transaction parameters including ranking and other information into his or her remote terminal. The matching computer uses the first set of transaction parameters (ranking data, price data, size data and other parameters or attributes) from each user to identify potential transactions with potential counterparties. If potential transactions are identified, the respective parties are notified so that they may begin negotiation of a second set of transaction parameters.” Silverman 5,924,082, col. 4, lines 51-55);

(c) receiving from the lessee's computer via the computer network for at least one of the lessor entered qualitative lessor variables for each lessor at least one of a grade and a relative weight related to an importance of the at least one lessor entered qualitative lessor variable to the lessee (“The aforementioned objects, as well as other objects, of the present invention are achieved by providing a negotiated matching system with a filtering feature that filters the potential transactions to be displayed to a trader based on ranking and other transaction information input by the trader and potential counterparties. Silverman 5,924,082, col. 4, lines 13-18);

(d) for each lessor, processing the at least one of the grade and the relative weight received for the at least one lessor entered qualitative lessor variable and the lessor entered quantitative lessor data to determine a weighted total score (“Remote terminals 101 and 102 also are connected via communication network 1. Remote terminals 101 and 102 may communicate with each other via network 1 once the filtering and

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matching process is completed by the matching computer 11. This operation will be described in further detail below with reference to FIGS. 3, 4, 4A, 5A, 5B, 6 and 7.”

Silverman 5,924,082, col. 6, lines 39-43)

(e) ranking the weighted total scores (“203--the ranking information is then distributed by the matching computer 11 to intelligent nodes 17, 19, etc. where it is stored (this step is optional depending on the configuration of the system--if there are no intelligent nodes, storage occurs only in the matching computer 11).” Silverman 5,924,082, col. 7, lines 19-24);

(f) displaying the ranked weighted total scores on the lessee's computer and each lessor's computer via the computer network (“The aforementioned objects, as well as other objects, of the present invention are achieved by providing a negotiated matching system with a filtering feature that filters the potential transactions to be displayed to a trader based on ranking and other transaction information input by the trader and potential counterparties” Silverman 5,924,082, col. 4, lines 13-18); and

(g) repeating steps (c) through (f) each time a change of at least one of the lessor entered qualitative lessor variables or at least one of the lessor entered quantitative lessor data is received from at least one of the lessor's computers via the computer network, wherein the lessor entered qualitative ~~lessor-variable~~ variables and the lessee entered qualitative lessor variables each include at least one of the following: lessor's lease documents; lessor's reputation; lessor's knowledge of the item being leased; lessor's status as a private or public entity; and whether the lessor is also a vendor. (“Similarly, a subjective ranking scheme may be as follows: RANKING VALUE: A-

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preferred business associates; B-businesses with good reputation; C-businesses with average reputations; D-businesses with poor reputations” Silverman 5,924,082, col. 9, lines 50-57)

Silverman 5,924,082 fails to disclose a lease auction.

Waldo (US 6,237,009 B1) teaches “In accordance with an alternative embodiment of the present invention, as embodied and broadly described herein, a method for managing leases between clients and network services comprises the steps of receiving from the client an indication of a lease on the network service, and managing the lease on behalf of the client.” Waldo (US 6,237,009 B1 col. 5, lines 60-65)

Silverman 5,924,082 teaches all the elements of claim 1 except that Silverman does not teach a lease auction. Lease auctions are old as taught by Waldo. The elements of Silverman are old and well known. It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate a lease auction as taught by Waldo in the invention of Silverman. The elements are old and the results are predictable.

As per claim 2 (Previously Presented), Silverman 5,924,082 discloses a method as set forth in claim 1, further including the steps of:

receiving from the lessee's computer via the computer network a third plurality of lessee entered qualitative lessor variables and a third plurality of lessee entered quantitative lessor data (“With reference to FIG. 3, prior to or during commencement of trading activities, each party enters ranking information indicating the party's willingness to trade with other parties (i.e., counterparties) in the system, for example, using a display

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screen 300.” Silverman 5,924,082, col. 9, lines 25-29) The ranking information of Silverman, as stated above contains qualitative and quantitative data (therein called subjective and objective);

processing the third plurality of lessee entered qualitative lessor variables and the third plurality of lessee entered quantitative lessor data to obtain a first lease simulation outcome (“Thus, the negotiated matching system according to the present invention only permits dealing between parties who are mutually acceptable counterparties based on the first set of transaction parameters (e.g., ranking, price, size and other “firm” parameters) and does not automatically execute transactions until the parties have agreed on all terms of the transaction” Silverman 5,924,082, col. 12, lines 59-63)

Examiner notes that identifying a potential transaction based on a match between a set of transaction parameters meets a minimum criterion for a simulation.;

displaying the first lease simulation outcome on the lessee's computer via the computer network (“Therefore, banks and other financial institutions use complex formulae and methods to calculate their potential exposure for each transaction based on a highly complex evaluation of the time decay of the value of money and risk, the institution's total exposure, and numerous other factors. Each financial institution has its own systems and procedures for evaluating its exposure.” Silverman 5,924,082, col. 3, lines 12-18);

receiving from the lessee's computer via the computer network at least one of a fourth plurality of lessee entered qualitative lessor variables and a fourth plurality of lessee entered quantitative lessor data (“Yet another object of the present invention is to



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provide a matching system which automatically matches users making offers (offerors) or bids (bidders) with potential counterparties who are interested in the type of offer/bid being made by the offeror/bidder, wherein the parties are mutually acceptable trading partners for the particular category of transaction sought by the offeror, and wherein the identity of the parties to the transaction is not revealed until just before or at the time a deal has been struck. Silverman 5,924,082, col. 4, lines 4-12);

processing the at least one of the fourth plurality of lessee entered qualitative lessor variables and the fourth plurality of lessee entered quantitative lessor data to obtain a second lease simulation outcome ("The aforementioned objects, as well as other objects, of the present invention are achieved by providing a negotiated matching system with a filtering feature that filters the potential transactions to be displayed to a trader based on ranking and other transaction information input by the trader and potential counterparties. The ranking information provides an indication of how each user ranks other users in terms of acceptability as a counterparty to one or more types of transactions. Silverman 5,924,082, col. 4, lines 13-20);

displaying the second lease simulation outcome on the lessee's computer via the computer network ("One embodiment of the negotiated matching system according to the present invention includes a matching computer; a plurality of remote terminals corresponding to a plurality of users, wherein the remote terminals enable the users to enter transaction data into the system; and a communications network for transmitting negotiating messages between two or more of the remote terminals in response to

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control signals from the matching computer.” Silverman 5,924,082, col. 5, lines 23-295);  
and

providing to the at least one lessor's computer in step (a), as the first plurality of lessee entered qualitative lessor variables and the first plurality of lessee entered quantitative lessor data, the third or fourth plurality of lessee entered qualitative lessor variables and the corresponding third or fourth plurality of lessee entered quantitative lessor data, respectively, based on the first or second lease simulation outcome provided to the lessee's computer via the computer network. (“It is another object of the present invention to provide a negotiated trading system which accommodates the numerous complex and non-standardized exposure evaluation procedures of various financial institutions within a single automated trading system while preserving the confidentiality of these procedures.” Silverman 5,924,082, col. 3, line 65-col. 4, line 65).

Silverman 5,924,082 fails to disclose a lease auction.

Waldo (US 6,237,009 B1) teaches “In accordance with an alternative embodiment of the present invention, as embodied and broadly described herein, a method for managing leases between clients and network services comprises the steps of receiving from the client an indication of a lease on the network service, and managing the lease on behalf of the client.” Waldo (US 6,237,009 B1 col. 5, lines 60-65)

Silverman 5,924,082 teaches all the elements of claim 1 except that Silverman does not teach a lease auction. Lease auctions are old as taught by Waldo. The elements of Silverman are old and well known. It would have been obvious to one of ordinary skill in

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the art at the time of the invention to incorporate a lease auction as taught by Waldo in the invention of Silverman. The elements are old and the results are predictable.

As per claim 3 (Original), Silverman 5,924,082 further discloses a lease auction method as set forth in claim 2, further including the steps of:

commencing the auction after completing one or more lease simulations ("The matching computer uses the first set of transaction parameters (ranking data, price data, size data and other parameters or attributes) from each user to identify potential transactions with potential counterparties. If potential transactions are identified, the respective parties are notified so that they may begin negotiation of a second set of transaction parameters. The second set of transaction parameters which may be negotiated by the parties to the potential transaction identifies by the system may consist of 1) some or all of the parameters in the first set of transaction parameters, 2) some parameters from the first set and other parameters not included in the first set, or 3) only parameters not included in the first set. Both the first and second set of transaction parameters must match before the system will execute a transaction." Silverman 5,924,082, col. 4, lines 35-49) Examiner notes that the identifying of potential transactions constitutes a simulation as disclosed by Silverman; and

terminating the auction at one of (i) a predetermined time and (ii) after expiration of a predetermined interval. ("In this more structured implementation of the system according to the present invention, the transaction dates and instrument price are firm, meaning that they are no longer negotiable between the potential counterparties."

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Silverman 5,924,082, col. 12, lines 21-25) Examiner notes that firm transaction dates imply that time intervals and expiration times may be established by counterparties as disclosed by Silverman.

4. (Cancelled)

As per claim 5 (Previously Presented), Silverman 5,924,082 teaches a lease auction method as set forth in claim 1, wherein the lessor entered quantitative lessor data and the lessee entered quantitative lessor data each include at least one of the following: borrowing rate; term of lease; estimated lease payments; total net present value (NPV); acquisition cost; and ratio of total NPV divided by acquisition cost. ("Thus, the negotiated matching system according to the present invention only permits dealing between parties who are mutually acceptable counterparties based on the first set of transaction parameters (e.g., ranking, price, size and other "firm" parameters) and does not automatically execute transactions until the parties have agreed on all terms of the transaction" Silverman 5,924,082, col. 12, lines 59-63)

Waldo (US 6,237,009 B1) teaches "The lease manager 922 enters into a lease arrangement with a client 920, whereby the lease manager agrees to renew leases between the client 920 and a network service 924, on behalf of the client 920, for a specified period of time." Waldo (US 6,237,009 B1 col. 16, lines 5-9) Examiner notes that it is obvious to include at least one of a borrowing rate, term of lease, estimated lease payments, total net present value (NPV), acquisition cost and ratio of total NPV

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divided by acquisition cost, among the transaction parameters pertinent to a lease negotiation, as they directly affect the size of payment amount.

Silverman 5,924,082 teaches all the elements of claim 1 except that Silverman does not teach a lease auction. Lease auctions are old as taught by Waldo. The elements of Silverman are old and well known. It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate a lease auction as taught by Waldo in the invention of Silverman. The elements are old and the results are predictable.

#### **(10) Response to Arguments**

**Argument No. 1:** Appellant argues on page 4 ¶ 2 that the Silverman et al. patent, which is generally directed to a trading system, not a method of on-line auctioning for leases, does not disclose, teach or suggest the combination of providing qualitative and quantitative information entered by a lessee to a lessor's computer; receiving qualitative and quantitative information entered by a lessor at a lessor's computer; and receiving a grade and/or a relative weight from the lessee's computer for at least one of the qualitative information entered by a lessor.

**Examiner's response:** Examiner respectfully notes that Silverman discloses that "the negotiated matching system according to the present invention includes a plurality of remote terminals associated with respective potential counterparties and a communications network for permitting communication between the remote terminals and a matching computer and between the remote terminals themselves." Examiner has relied upon Silverman for teaching an online auction process which incorporates

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both firm objective (quantitative) and subjective (qualitative) variables for the ranking of transaction information input by the trader and potential counterparties. (Silverman 5,924,082, col. 4, lines 13-18)

**Argument No. 2:** Appellant argues on page 5 ¶ 2 that in the rejection of claim 1, the Examiner relies upon the Silverman et al. patent as the primary reference and relies upon the Waldo et al. patent for its disclosing a method of managing leases between clients and network services. The Waldo et al. patent, which is generally directed to a lease renewal service, does not cure the foregoing deficiencies in the teachings of the Silverman et al. patent.

**Examiner's response:** Examiner has merely relied upon Waldo for teaching an online leasing system, rather than for specific features of the system. It should be noted that KSR forecloses Applicant's arguments requiring a specific teaching, suggestion or motivation to combine the references since the intended functions of the references have not been changed and the combination would yield predictable results. Nevertheless the prior art explicitly suggests a negotiated matching system including a plurality of remote terminals associated with respective potential counterparties, a communications network for permitting communication between the remote terminals, and a matching station. Therefore, one of ordinary skill in the art would look to include leases in the system of Silverman. The fact that Applicant has recognized another item to include in the prior art cannot be the basis for patentability when the inclusion would be obvious. See *Ex parte Obiaya*, 227 USPQ 58, 60 (Bd Pat. App. & Inter. 1985).

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**Argument No. 3:** Appellant argues on page 6, ¶ 2 that the Silverman et al. patent is directed to enabling counterparties to match offers and bids in an automated trading system. Because of the nature of such offers and bids, there is simply no reason to determine or obtain two simulation outcomes and then provide qualitative and quantitative information of one of these simulation outcomes as the qualitative and quantitative information to be utilized elsewhere, e.g., in step (a) of claim 1.

**Examiner's response:** Examiner respectfully notes that, as in claim 3, Silverman discloses "The matching computer uses the first set of transaction parameters (ranking data, price data, size data and other parameters or attributes) from each user to identify potential transactions with potential counterparties. If potential transactions are identified, the respective parties are notified so that they may begin negotiation of a second set of transaction parameters. The second set of transaction parameters which may be negotiated by the parties to the potential transaction identifies by the system may consist of 1) some or all of the parameters in the first set of transaction parameters, 2) some parameters from the first set and other parameters not included in the first set, or 3) only parameters not included in the first set. Both the first and second set of transaction parameters must match before the system will execute a transaction." (Silverman 5,924,082, col. 4, lines 35-49) Examiner notes that identifying a potential transaction establishing a match between a set of transaction parameters and the matching of the parameters meet a minimum criterion for a simulation.

**Argument No. 4:** Appellant argues on page 6, ¶ 3 that the Waldo et al. patent does not cure the foregoing deficiencies in the teachings of the Silverman et al. patent.

**Examiner's response:** Please refer to Argument No. 2 presented previously.

**Argument No. 5:** Appellant argues on page 7, ¶ 3 that column 9, lines 59-64 of the Silverman et al. patent discloses that "ranking information entered by each user may be different for each type of instrument (each market). The different markets for which different ranking information may be entered include: forward foreign exchange trading, lending, forward rate agreements, interest rate swaps, etc." However, these markets are not quantitative data in the sense of claim 5. Rather, they are markets to which the ranking information disclosed in the Silverman et al. patent may be applied. For example, a user's rank of a counterparty for lending purposes (one market) may be different from the rank for borrowing purposes (another market) (see Silverman et al., column 9, line 66 - column 7, line 1).

**Examiner's response:** Examiner respectfully notes that Silverman discloses "Thus, the negotiated matching system according to the present invention only permits dealing between parties who are mutually acceptable counterparties based on the first set of transaction parameters (e.g., ranking, price, size and other "firm" parameters) and does not automatically execute transactions until the parties have agreed on all terms of the transaction" Silverman 5,924,082, col. 12, lines 59-63). Examiner notes that it would be obvious to one of ordinary skill in the art to include at least one of a borrowing rate, term of lease, estimated lease payments, total net present value (NPV), acquisition cost and ratio of total NPV divided by acquisition cost, among the transaction parameters pertinent to a lease negotiation, as they directly affect the size of payment amount.



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**Argument No. 6:** Appellant argues on page 7, ¶ 4 that column 12, lines 10-13 of the Silverman et al. patent disclose a so-called "completion" stage of the operation, wherein the terms of the transaction are finalized through negotiations between the matched potential counterparties. There is, however, no disclosure, teaching or suggestion of a "term of lease" as alleged by the Examiner. To this end, the Silverman et al. patent is related to bids and offers. There is no indication in the Silverman et al. patent that bids and offers have a term (duration) associated with them in the same sense as the term of lease (duration of lease) in claim 5.

**Examiner's response:** Examiner respectfully notes that Silverman discloses "In this more structured implementation of the system according to the present invention, the transaction dates and instrument price are firm, meaning that they are no longer negotiable between the potential counterparties." Silverman 5,924,082, col. 12, lines 21-25) Examiner notes that firm transaction dates imply that time intervals and expiration times may be established by counterparties as disclosed by Silverman.

**Argument No. 7:** Appellant argues on page 7 ¶ 5 that column 12, lines 21-25 of the Silverman et al. patent disclose that transaction dates and instrument price can be firm, meaning that they are no longer negotiable between potential counterparties. This section of the Silverman et al. patent, however, does not distinguish between net present value (NPV) and acquisition costs. To this end, while this section of the Silverman et al. patent may disclose that an instrument price is firm, it does not distinguish between NPV and acquisition cost in order to form a ratio thereof.

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**Examiner's response:** Examiner notes that it is obvious to one of ordinary skill in the art to include a borrowing rate, term of lease, estimated lease payments, total net present value (NPV), acquisition cost and ratio of total NPV divided by acquisition cost, as well as any relevant ratios calculated therefrom, among the transaction parameters pertinent to a lease negotiation, as they directly affect the size of payment amount, as these would constitute objective parameters of the transaction as taught by Silverman.

**Argument No. 8:** Appellant argues on page 8 ¶ 1 that the Waldo et al. patent does not cure the foregoing deficiencies in the teachings of the Silverman et al. patent.

**Examiner's response:** Please refer to Argument No. 2 presented previously.

#### **(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/Gerald C Vizvary/

Examiner, Art Unit 3696

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